GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:71
ANSWERED ON:22.11.2002
MEETING WITH CHIEF MINISTERS
M.V.V.S MURTHI;SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether a meeting of all the Chief Ministers with the Prime Minister on fiscal situation of States was held recently in Delhi ;

(b) if so, the issues discussed in the meeting ;

(c) the views of the participants;

(d) whether issue of D.A. , retirement age and commutation of pension of Central Government employees were also takenup in the meeting ; and

(e) if so, the outcome thereof ?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) to (e) : A Statement is placed on the table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 71 due for answer on 22− 11-2002 regarding Meeting with Chief Ministers by SHRI S.D.N.R. WADIYAR : DR. M.V.V.S. MURTHI:

(a) A meeting of the Chief Ministers on Fiscal Situation of the States was held on 18th October, 2002 at New Delhi, under the Chairmanship of the Prime Minister.

(b) During the meeting, discussions were held on the fiscal situation of States which, inter alia, included issues on (i) measures to bring down the debt to sustainable levels, (ii) introduction of State level VAT from 1.4.2003, (iii) routing of funds to the implementing agencies by Centre for Centrally Sponsored Schemes(CSS)(iv) review of the Overdraft Regulation Scheme,(v) implementation of the Supreme Court's Judgement of 21.3.2002 in All India Judges Association case with regard to the recommendations of the First National Judicial Pay Commission and (vi) issues involved in containing non -plan revenue expenditure.

(c) to (e). On the principle of the debt swap while there was in principle agreement to the need for debt swap, some States felt that there was need for further fine-tuning the proposal. There was consensus among States that VAT should be implemented from 1.4.2003. However, some States were of the view that VAT compensation scheme should be formulated first. Regarding routing of funds under Centrally Sponsored Schemes (CSS), theState Governments were of the view that thesefunds should be routed through the State Consolidated Fund, with a stipulation that within 2-3 weeks, the funds will then be transmitted to the implementing agencies. As regards the Overdraft Regulation Schemeof RBI, the States were of the view that this scheme,alongwith the Ways and Means Advance Scheme should be more liberal. The State Governments expressed serious difficulties regarding the Constitutional, financial and administrative issues involved in implementing the Supreme Court Judgement dated 21.3.2002 in the All India Judges Association case. On the issue of containing non plan revenue expenditure which inter-alia included issues on DA, bonus and commutation of pension, as no consensus emerged, it was resolved that the State Governments and the Union Government will take decisions on their own.